

MONTGOMERY COUNTY, MD  
DEPARTMENT OF LIQUOR CONTROL

# *FY* 2005

## ANNUAL REPORT

QUALITY CONTROL



# MONTGOMERY COUNTY, MD

## LIQUOR CONTROL

Our goal is to provide efficient and quality wholesale and retail sales of beverage alcohol products while promoting moderation and responsible behavior in all phases of distribution and consumption.

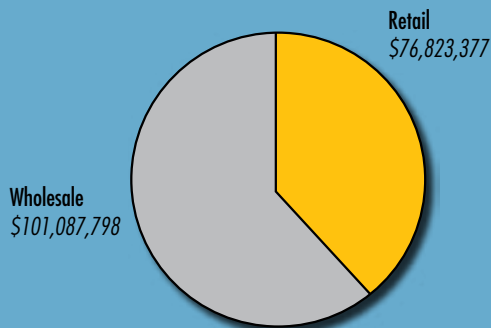
We diligently promote and obey all laws and regulations governing beverage alcohol while generating revenue for the benefit of Montgomery County's General Fund.

### FINANCIAL AND OPERATING HIGHLIGHTS

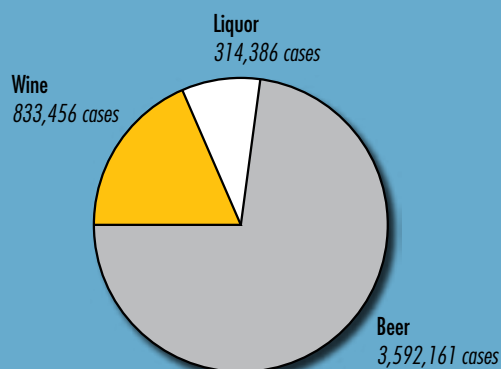
(Dollars in millions)

	2005	2004	% change
<b>Sales</b>	177,911,175	168,172,236	5.79%
<b>Net Income</b>	25,707,184	23,428,226	9.72%
<b>Cost of Sales</b>	125,226,878	119,806,903	4.52%
<b>Operating Expenses</b>	27,043,384	25,015,616	8.10%
<b>Change in Net Assets</b>	5,203,674	2,927,196	77.76%
<b>General Fund Transfer</b>	20,503,510	20,501,030	
<b>Number of Employees (full-time equivalent)</b>	293.20	292.20	

### 2005 REVENUES: \$177.9 MILLION



### 2005 DEPLETIONS: 4,740,003 CASES



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## Quality Control -

It is important that we work to continually improve the quality of service we provide to our customers while also demonstrating the real, tangible benefits our control system provides to our community.

*George F. Griffin, Director*





## LETTER FROM THE DIRECTOR

The theme of this year's annual report is "Quality Control". This phrase was chosen because it embodies our vision and our mission:

- **Quality** – we must communicate to our customers the unique, tangible benefits our control systems provide
- **Control** – we must demonstrate to the private sector members of our industry that control systems can offer real, substantial opportunities and benefits to them.

Montgomery County Liquor Control understands the importance of continually improving the quality of service we provide while also demonstrating the real, tangible benefits of our control system. We have a good story to tell . . .

### WE HAVE A GOOD STORY TO TELL...

This past year proved to be extremely busy for Liquor Control as we continued to experience substantial increases in sales revenue while also continuing to significantly expand our community-based educational programs. The pressures of devoting increasing levels of time and resources to both sides of our system present the major challenge for the coming year.

For the fiscal year ending June 30, 2005, Liquor Control recorded sales of approximately \$177.9 million, which represents a 5.79% increase over the previous year. The total growth resulted from a 4.05% increase at the wholesale level (\$101 million) and an increase of 8.16% in our retail stores (\$76.8 million). This is the sixth consecutive year of healthy sales growth, particularly in the retail sector.

Sustaining this level of growth into the future will require increasing the number of retail stores in optimum locations and building increasingly flexible and expanding warehousing and distribution capabilities.

While managing this operations growth, we are also greatly expanding our educational and regulatory efforts. This past year we adapted an Ohio-created educational program designed to help combat underage drinking and modified it to more appropriately complement our ongoing local community educational efforts. The "Parents Who Host Lose the Most: Don't Be a Party to Underage Drinking" program was launched late last autumn.

This two-year public education campaign focuses on efforts to educate parents and other adults not to provide alcohol to persons below the legal drinking age and is a result in part of statistics that show that 65% of underage drinkers get alcohol from adults.

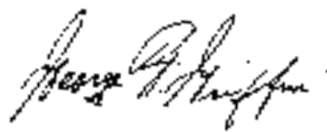
The first phase of the program targeted the large number of retail consumers we attract from late October through New Year's. The second phase, initiated in January 2005, included taking DLC-coordinated programs into area high schools and making presentations to parents, students and teachers and various civic groups.

We have translated all materials related to the program into Spanish and are conducting outreach efforts to the Spanish-speaking community as well as offering specialized service training for Latino licensed establishments and their staffs.

We are also offering one-on-one risk assessment consultations for beverage alcohol businesses that wish to adopt responsible service practices and continue to create and provide targeted, specialized trainings for hotels, door personnel, golf courses and limousine drivers. We plan to expand our business alliances to assist licensed businesses located in identified "at-risk" business districts and to educate ethnically diverse business owners in a culturally competent manner.

In order to garner the resources and the public support necessary to successfully manage these expanding challenges, we will continue to educate residents about the many benefits of the control system.

We are also working to increase our advocacy among elected and appointed officials and other decision makers.



George F. Griffin  
**Director**

Montgomery County Liquor Control







# WELCOME TO MONTGOMERY COUNTY . . .



... Maryland's most populous jurisdiction and one of its most affluent.

The County is located adjacent to the nation's capital, Washington, D.C., and includes 497 square miles of land area and 10 square miles of lakes and streams. Although considered metropolitan, Montgomery County residents enjoy over 56 acres of parkland and open space.

## Montgomery County is:

### Urban

- more residents than the smallest 14 counties in Maryland combined<sup>1</sup> with 942,000 residents in 2005

### Affluent

- an average home price of \$536,098 (a 23.3% increase over the prior year)<sup>2</sup>
- a median family income of nearly \$95,500<sup>3</sup>
- 57% of the employed civilian workforce 16 years and older in management, professional or related occupations<sup>3</sup>
- a per capita income that is 42% higher than the national per capita income<sup>3</sup>

### Diverse

- 45% of non-US born residents in Maryland reside in Montgomery County (in 2002) (16.5% of Maryland's population lives in Montgomery County)<sup>1</sup>

- 28.4% of the Montgomery County population 25 years and older were born outside of the United States<sup>1</sup>
- 33% of the population over 5 years of age speaks a language other than English at home<sup>1</sup>

### Educated

- 66.8% of the population over 25 holds a bachelor degree or higher<sup>2</sup> (as compared to 27% nation-wide)



Sources include:

1. LEP Committee, Office of the County Executive
2. Montgomery County Quarterly Economic Indicators, July 2005
3. US Census Bureau ([factfinder.census.gov](http://factfinder.census.gov))

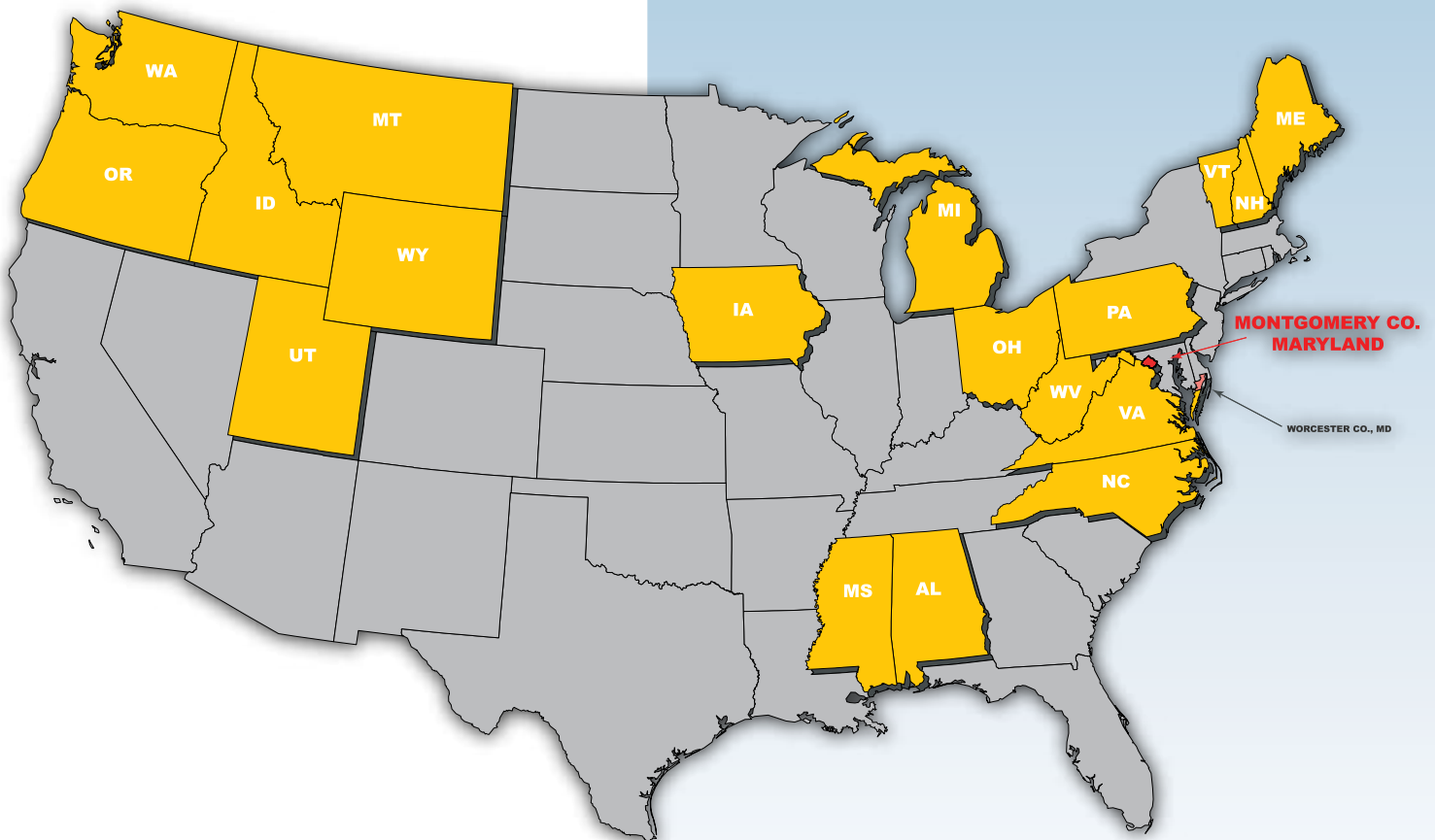
## QUALITY CONTROL- A SHARED REALITY

Montgomery County, MD, is proud member of NABCA (the National Alcoholic Beverages Control Association), whose mission is to support and benefit alcohol control distribution systems by providing research, fostering relationships and managing resources to address policy for the responsible sale and consumption of alcoholic beverages.

NABCA was established in 1937 and serves members as an information clearinghouse and as a liaison between federal, state and local governments, research and advocacy groups, the beverage alcohol industry, and other organizations impacting alcohol policy.

### NABCA MEMBERS INCLUDE:

Alabama	Ohio
Idaho	Oregon
Iowa	Pennsylvania
Maine	Utah
Michigan	Vermont
Mississippi	Virginia
Montana	Washington
Montgomery County, MD	West Virginia
New Hampshire	Worcester County, MD
North Carolina	Wyoming



***Congratulations to Director George F. Griffin, who was elected NABCA  
Chairman of the Board 2005-2006***

# OUR STORY

The “great experiment” proved that total abstinence was not an acceptable standard for this county. When it was repealed in 1933, the regulation of alcohol beverages reverted to the individual states, whose residents were then faced with an important decision: How should they balance rights with responsibilities?

Citizens needed to determine how to best serve the communal interest regarding this legal drug and neither the corruption arising out of prohibition nor the abusive drinking of pre-prohibition days were acceptable. In balancing individual freedom with the unique social risks and public costs of beverage alcohol abuse, it was general agreed that the community interest demands effective regulation.

To enact regulations, every one of the fifty states of the United States chose to in some manner exercise statutory, police and administrative powers to regulate the distribution and accessibility of beverage alcohol. While the extent of that regulation varies, all residents of the US experience governmental control over beverage alcohol.

Eighteen states and several counties chose to implement the control distribution system, where economic incentives were replaced by policies supporting moderate consumption. Over seventy years later, those jurisdictions still use control systems. Montgomery County is proud to be one of them.

The durability of the control system confirms its fundamental wisdom and its ability to remain focused while its adaptability to changing consumer demands and lifestyles has successfully taken Montgomery County from its early days as a dispensary to its role today as an effective customer-oriented service organization.

With dual emphasis on customer service and control, Montgomery County conducts the wholesale distribution of all beverage alcohol, while sharing the retail segment

with over 900 license-holders consisting of restaurants, delicatessens, country clubs, lodges and carry-outs. In Montgomery County, duties are shared by the Board of License Commissioners, who grants licenses, performs inspections and holds hearings; and the Department of Liquor Control, who acts as wholesaler, operates retail establishments and works with businesses and citizens to create and maintain safe, vibrant communities.

Montgomery County’s control method succeeds in balancing the promotion of moderation in the consumption of beverage alcohol with the offering of a wide variety of products at fair prices, while returning a most reasonable profit to the General Fund for use in paying for other citizen services such as police, fire and education.

In fiscal year 2005, after paying all expenses and retaining a small amount of working capital, the Montgomery County Department of Liquor Control transferred over twenty million dollars to the General Fund.



Liquor Control's General Fund transfers from January 1, 2000 through June 30, 2005 exceed One Hundred Million Dollars (\$100,000,000).



## QUALITY CONTROL REQUIRES A STRONG ORGANIZATION



## EMPLOYING DIVERSE TALENT WITH A SHARED VISION



**George F. Griffin**  
*Director, Liquor Control*



**Dennis Theoharis**  
*Executive Director, Board of License Commissioners*



**Gus Montes de Oca**  
*Chief of Operations*



**Ted Bowser**  
*IT Manager*



**Kathie Durbin, CPP**  
*Community Outreach Manager*



**Diane Wurdeman**  
*Retail Operations Manager*



**Gene Hanna**  
*Wholesale Operations Manager*



**Lynn Duncan**  
*Administrative Services Coordinator*



**Melissa Chui, CPA**  
*Sr. Financial Specialist*



**Kevin Linton**  
*Delivery Operations Manager*



**Renee Hill**  
*Regional Store Manager*



**Michael Mondonedo**  
*Regional Store Manager*

# QUALITY CONTROL ATTRACTS THE BEST PEOPLE

The success of any business rests on the shoulders of its people and that is certainly true at Liquor Control. We understand the relationship between company performance and an effective work environment that recognizes and rewards individual performance while enabling employees to pursue their professional goals.

Liquor Control, as with the whole of Montgomery County, offers employees an inclusive and effective work environment that ensures dignity and respect for all individuals, competitive pay and benefits, opportunity for personal and professional development, County-wide mobility and quality leadership – all designed

to attract the brightest new talent while retaining and motivating our skilled workforce.

We are pleased to receive confirmation externally that we are succeeding. In surveys, customers repeatedly rate employees' friendliness, professionalism, skill and knowledge high.

While we are proud of our achievements, we understand that we must continue to work proactively to continually improve the work environment and provide the tools our employees need to be successful. To that end, we concentrate in several areas:

**TRAINING** – Employees have a number County-wide opportunities for training in areas including contract administration, communication skills, customer service, diversity studies, environmental management, labor relations, leadership, career and professional development, performance and conduct, safety and limited English proficiency. In addition, departmental training includes certification in responsible selling for beverage alcohol, product knowledge and driver safety.

**APPRECIATION OF DIVERSITY** – Approximately 40% of the employees at Liquor Control are classified as minority/female and the department is very appreciative of the opportunities that this diversity this brings. We have a representative on the strategic planning committee of Montgomery County's Diversity Council and our departmental FY2005 initiatives included:

- the redesign of testing and recruitment techniques to attract a larger pool of job applicants
- the establishment of a mentoring and succession planning program in retail operations
- educational opportunities to enable employee advancement
- encouragement of employees to participate in diversity events

We reflect our community. It is important to celebrate our similarities and our differences. It is our uniqueness that brings fresh perspective and our commonality that makes our efforts a success.

**HONORING OUR ENVIRONMENT** – Liquor Control's environmental statement reads, "The Department of Liquor Control is an environmentally sensitive organization that works to serve its customers, the community and our employees in every way possible. Although our primary missions are the sale and distribution of beverage alcohol and the accompanying education, a very important goal of our organization is to care for, preserve and improve the environment through responsible decisions and actions every day on every level." This dedication has enabled us to maintain a 72% recycle rate, to develop and use an environmental purchasing guide for supplies, to use "energy star" rated equipment, to upgrade our campus with trees and plantings, and to participate wholeheartedly in the County's energy-wise program.



## AND RECOGNIZES THEIR EXCELLENCE

### Departmental Awards and Recognition

We are in the sixth year of a popular peer awards program where employees recognize their coworkers with written nominations that are reviewed by an employee awards committee. Each quarter, the committee chooses three winners (one from retail, one from wholesale and one from administration). At the end of the fiscal year, the Employee of the Year is chosen by popular vote from the 12 quarterly winners as is the recipient of the Award for Exceptional Service. All winners receive recognition and a cash award. This year, congratulations

go to Ishmael Appiah, Employee of the Year; and Missi Johns, recipient of the Award for Exceptional Service.

In the wholesale division, another popular program provides for management to choose three quarterly winners for their excellent contributions based on predetermined criteria. One deserving individual each from the drivers, helpers and the warehouse personnel are recognized each quarter. In addition, other informal recognition occurs throughout the year.



Gus Montes de Oca, Ishmael Appiah,  
Employee of the Year Winner



Gus Montes de Oca, Missi Johns,  
Winner of the Exceptional Service  
Award, George Griffin



### Outside Recognition

**Driver Safety Award** In October 2004 the Department of Liquor Control received notice that it had won the State of Maryland Highway Safety Office Traffic-Safety Awareness for Employers Project “2004 Best Practices” Award for its Excellence in Delivery Program, which is the part of a more comprehensive departmental plan that focuses on the importance of traffic safety.

**Captain Joseph A. Mattingly Memorial Award** In March 2005, Drawing the Line on Under 21 Alcohol Use conferred the Captain Joseph A. Mattingly Memorial Spirit of Prevention Award on George F. Griffin, Director of the Department of Liquor Control for his work in the prevention of underage drinking.

### Montgomery's BEST Partnership Award

In March 2005, the Office of Community Outreach received the County Partnership Award for “The Gaithersburg Business Alliance”, an intergovernmental and civic group committed to improving beverage alcohol practices in the Gaithersburg area. This is the second consecutive year that the Office of Community Outreach has been honored at the Montgomery's BEST awards.



## QUALITY CONTROL NECESSITATES STEPPING UP TO THE PLATE



- To create a business-friendly helping hand to anyone moving off-track in a professionally managed establishment

Today, the Office of Community Outreach provides the leadership to promote efficient and responsible management of 25 county retail stores and over 900 businesses that sell or serve beverage alcohol in Montgomery County, MD. The Office has also been tapped on numerous occasions as a resource to other jurisdictions in establishing similar programs, and manager Kathie Durbin has become a nationally recognized trainer and speaker on alcohol issues.

Created in 2002, the Office of Community Outreach at Liquor Control works to create, support and maintain safe, vibrant communities. The backbone of the office is The Hospitality Resource Panel (HRP), which was created through grant funding obtained by the Department of Liquor Control from NABCA combined with grant funding from the Montgomery County Department of Health and Human Services.

This HRP concept is modeled after a process developed by the Responsible Hospitality Institute ([www.hospitalityweb.org](http://www.hospitalityweb.org)), and is a community organizing framework for creating an alliance of businesses, associations, agencies, educators and suppliers dedicated to developing safe communities and healthy businesses through the promotion of responsible hospitality principles and practices.

As its name implies, an HRP is a resource to the hospitality industry, as well as to everyone involved. Rather than creating new programs, projects or materials, the HRP works to enhance the availability and participation in effective programs that currently exist. The major functions of the HRP are:

- To assist people in understanding the complexities and legalities before they open a hospitality business
- To nurture a trained and professional workforce who understand the law and possess the tools and support necessary to foster a climate of responsibility
- To facilitate the role of government as a resource and partner in business development



Barbara Duncan, George Griffin and Meg Baker at the Parents Who Host Lose the Most media event.



Officer Bill Morrison teaches a class to license holders



### **The Wheaton, Greater Silver Spring and Gaithersburg Business Alliances**

The business alliance model is a template and guide to facilitate communication in communities in order to identify problems and develop strategies to solve them. The Community Outreach Office recognizes that public health and safety costs to the community will be substantially reduced through the elimination of sales to, or provision of beer, wine or distilled spirits to persons under 21, and to intoxicated persons. This can be achieved through:

- Improving communication among regulatory, industry and community groups
- Improving the public's and business' knowledge of laws, ordinances, rules and regulations
- Providing clear standard operating procedures for license-holders
- Seeking out, assessing and assisting high-risk establishments
- Providing proven tools for responsible sales and service to hosts and servers of alcohol
- Developing and promoting standard operating procedures for licensees and businesses
- Developing and increasing participation in hospitality management training
- Defining issues and strategies for improving, maintaining, and/or expanding entertainment and mixed use zones
- Developing measurements and monitoring procedures for collecting information and evaluating

the effectiveness of programs

- Recognizing accomplishments of businesses, agencies, associations, and individuals who fulfill the HRP mission

The core concept of the business alliance is to bring together different forces that are interested in beverage alcohol issues in a community to work together (perhaps for the first time) to develop a comprehensive plan to positively mold the norms of the community.

Team members can include the Department of Liquor Control, the National Alcohol Beverage Control Association, prevention specialists, State and County highway safety offices, County and local police, recreation specialists, liquor inspectors, the Maryland Restaurant Association, Montgomery Hospitality Education Foundation, the Century Council, beverage alcohol suppliers and industry representatives, MADD, SADD, Safe and Drug Free Schools, alcohol server trainers and local chambers – any one or any organization is invited to the table.

The team calls on existing resources and programs to achieve its goals. This may include responsible alcohol training for beverage alcohol businesses, assistance to businesses with programs such as The Century Council's Cops-in-Shops® program and Montgomery County Police's Operation Fakeout and Extra Eyes, as well as assisting business owners in understanding their rights and responsibilities regarding the sale of beverage alcohol. The Community Outreach Office will help with risk assessments and the development of written alcohol policies.

The alliance is customized for the community, and in Wheaton parts of the program were introduced in Spanish as well as in English. In Gaithersburg parts of the program were introduced in Spanish, Korean, Chinese and Vietnamese as well as in English. Introducing program pieces in different languages requires culturally competent translations and the redesign of training to allow for optimum comprehension and, of course, requires multi-lingual partners on the team.

This innovative and proactive approach has enabled groups and individuals who previously worked independently on community problems to join forces for the communal good.



# Addressing Our Diverse Community's Needs

There are a significant number of beverage alcohol businesses licensed in Montgomery County, MD, whose owners and managers are from other countries. Because of cultural differences and language barriers these owners and operators are not always prepared to implement responsible alcohol policies. With our rapidly changing demographics, it is imperative that resources adapt as well. The Community Outreach Office is working to provide adequate resources and culturally competent training to all of our diverse beverage alcohol business owners and operators.

The Montgomery County Latino Business Alliance is under development with partners including the Latino Health Initiative Promoters, Montgomery County Police Department, Highway Safety Office,

- Present the Century Council's Cops in Shops® Program in Spanish
- Provide high risk business assessments
- Assist businesses in creating written Codes of Conduct
- Provide enhance enforcement through the "Extra Eyes" program
- Provide opportunities for local business networking and focus groups
- Further develop the "Families Who Host Lose the Most" public education campaign

## General Trainings and Seminars-

The Community Outreach Office sponsors periodic trainings to assist business owners. Recent topics include:

- ID Basics and the New Maryland ID
- Fire Safety and Code Enforcement
- Wine as a Valuable Part of the Dining Experience
- Gang Awareness and Prevention
- ID Basics
- Policies, Rules and Regulations (in English and Spanish)
- Limo Training – Ensuring Safety During Prom Season
- Bouncer Training

In addition, the office provides one-on-one risk assessments and educational programs and materials on moderate drinking and for safe hospitality practices for families, organizations and corporations pertaining to host responsibility.

Development is underway for an in-depth, ongoing orientation program for new business owners/managers to enable them to understand the laws regarding selling/serving beverage alcohol, to gain tips for creating effective, written beverage alcohol policies, to receive instruction in reading ID's, and to have the ability to ask questions and discuss matters of importance.

The Community Outreach Office is also working with the Montgomery County Executive's office to upgrade recruitment and training for members of boards that deal with beverage alcohol issues and currently facilitates trainings and discussions with the Board of License Commissioners.



The Restaurant Association of Maryland, Maryland Hospitality Education Foundation, Montgomery County Board of License Commissioners, County Regional Services Centers, the County Executive's Office of Community Outreach, Drawing the Line on Under 21 Alcohol Use, Students Against Destructive Decisions (SADD), EVS Communications and other community stakeholders.

The group has developed a Spanish seminar focusing on the prevention of impaired driving, effects of alcohol on the body and behavior issues stemming from over service and illegal sales of alcohol.

The Community Outreach Office has applied for a \$500,000 grant from NHTSA (National Highway Traffic Safety Association) which, if secured, will go toward the MC LBA and will enable them to:

- Develop a culturally competent state certified alcohol server training w/video
- Hold Owner/Manager policy seminars



## A TWO-YEAR PUBLIC EDUCATION PROGRAM TO ADDRESS UNDERAGE DRINKING

In response to the statistics that show that 65% of underage drinkers get beverage alcohol from family and friends, the Community Outreach Office customized a program that originated with Ohio Parents for Drug Free Youth entitled “Parents Who Host Lose the Most: Don’t Be a Party to Underage Drinking” to educate parents and other adults.

Barbara Duncan, wife of the Montgomery County Executive Doug Duncan, agreed to be the spokesperson, and the program was launched early in FY2005. It is a two-year public education campaign to inform parents and other adults about the legal ramifications and health and safety risks of serving alcohol to anyone under the age of 21. As part of the program, a 24-hour party information line in the Montgomery County Police Department, 301-670-SAFE, is available for parents to call with questions or concerns about hosting a party for their teenagers or about safety issues and legal responsibilities. At the press conference announcing the event, Mrs. Duncan explained, “I encourage every parent of a teenager to involve themselves in the daily lives of their children and talk to them on a regular basis about the dangers of illegal drugs and underage drinking.”

In addition to Liquor Control and the County and City Police Departments, other groups and agencies have signed on to the campaign including Drawing the Line on Underage Drinking, the Montgomery County Highway Safety Office, the Recreation Department, Montgomery County Public Schools and MADD.

“We know what an important role parents play in setting the standards for their teens as to what types of behaviors are acceptable,” said Montgomery County Assistant Police Chief John King in the initial press event. “As a police department we can, and prefer to, serve as a resource to support parents in their efforts to

provide alcohol-free parties. But we also need parents to understand that if they fail in that responsibility they can be legally liable for a variety of negative, and perhaps tragic, consequences.”



“Hosting parties for underage drinkers is a form of child abuse,” said Drawing the Line on Underage Alcohol Use coordinator Meg Baker. “This program uses two strategies

to prevent adults from holding parties for underage drinkers: educating parents about the need to keep young people alcohol-free and alerting adults to the legal consequences they face if they choose to risk the health and safety of young people by hosting an illegal party.”

The campaign features a flyer in both English and Spanish, which is distributed through County wine and spirits stores to anyone buying alcohol. It provides tips for parents whose teenager is planning a party or attending a party and spells out the consequences of underage drinking.

At-risk behaviors, including alcohol use, have been cited as the cause of several recent, fatal car accidents among youth in Montgomery County, MD. This public education campaign urges parents to set and communicate clear rules and act as responsible role models. “This program isn’t enforcement for enforcement’s sake. Its enforcement for our children’s sake,” said DLC Director George Griffin at the press event. “We know that it will be most effective with support from the entire community, and hopefully, will educate parents and adults over 21 that it is illegal, unhealthy and unacceptable to provide alcohol to anyone under the age of 21.”

**QUALITY CONTROL MEANS  
A RESPONSIVE WHOLESALE DIVISION**

**Congratulations to  
Montgomery County Liquor Control Delivery Team**

for winning the Maryland Highway Safety Office's Traffic-Safety  
Awareness for Employers Project Best Practices Award  
for its excellent transportation safety program

*"Traffic safety training carries a loud and clear message that our department cares about its  
employees and the community" - DLC Director George F. Griffin*







## SUPPLYING RETAILERS WITH PRODUCTS THEY WANT, WHEN THEY WANT THEM IN A FRIENDLY, PROFESSIONAL MANNER

The wholesale operations division takes the responsibilities of purchasing, receiving, warehousing, selling and delivering all the beer, wine and spirits sold in the County to the 25 County retail stores and nearly 900 private on- and off-premise businesses that sell and/or serve beverage alcohol to the citizens of Montgomery County. This section has a 100% on-time delivery rate to those customers who call in on time.

**CUSTOMIZED CONVENIENCE** This section strikes a great balance between convenient hours and personalized service. Staff is available to research product requests and take telephone orders during business hours, or, if customers prefer, they can conveniently place their orders through the automated telephone ordering system or on the Internet anytime.

**EXTENSIVE PRODUCT OFFERINGS** The extensive selection begins with continually researching and listing new products that either receive national advertising support or fill a niche for our diverse community. In fiscal year 2005, the department listed over 2,000 new stock SKU's to add to the over 10,000 already available stock and special order listings. The team ensures that the front-line pricing on these products is reasonable and they negotiate frequent and aggressive post-off schedules.

**FULL SERVICE RENDERED BY FRIENDLY PROFESSIONALS** Once the order is placed, the customer can rest assured that the products they want will be delivered by a well-trained delivery team that is both friendly and professional. The most recent annual customer survey shows that 93 percent of customers are satisfied with our wholesale employees' friendliness and professionalism.

**CARING ABOUT OUR COMMUNITY** In addition to providing courteous service to our wholesale customers, the warehouse section gives back to the community by transporting food for Bethesda Cares, a non-profit organization that provides food and services to the homeless and working poor in Montgomery County and by donating throw-away pallets to several fire stations in Shady Grove, Bethesda and Hyattsville for use in fire training.



## QUALITY CONTROL MEANS A PROFESSIONAL RETAIL DIVISION

*I'd like to see Montgomery County Wine and Spirits go on television to tell viewers about some of their very good selections at very good prices.*

- A Leisure World store customer

*I think the way Montgomery sells their wine and liquors shows class, rather than having a liquor store on every corner. Keep up the good work.*

- A Cloverly store customer

*The selection is excellent and the store employees are always very helpful, knowledgeable and friendly.*

*It is a most comfortable shopping experience.*

- A Fallsgrove store customer

*Good place to shop — it beats the District. Keep up the good work.*

- A Pike store customer

*The staff seems very committed to providing the best service possible.*

- A Kensington store customer

*Single Malt Scotch selection and sale prices are excellent.*

- A Kingsview store customer

*It's a great place to shop for wine. Excellent staff is extremely helpful and make my experience a pleasant one.*

- A Milestone store customer

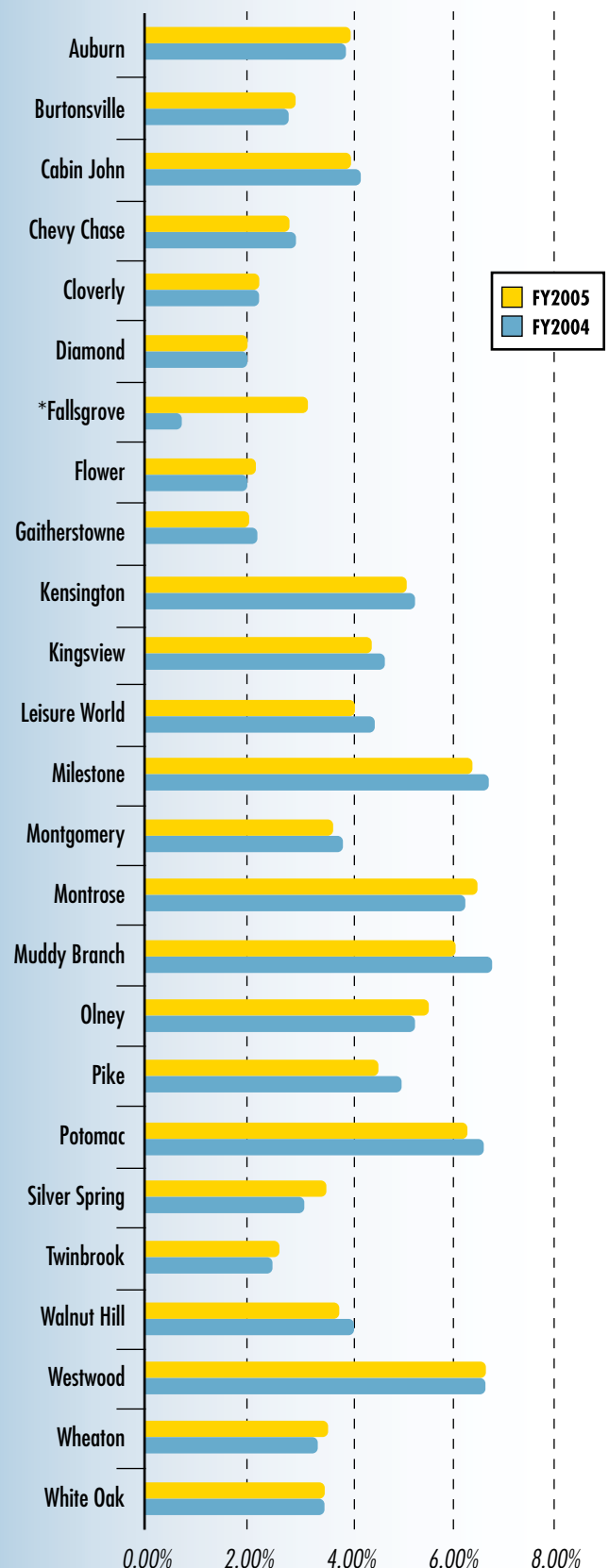
*Overall, your stores are professionally run and it is satisfying to shop there.*

- A Wheaton store customer

*When the County puts single malt scotches on sale no DC store can even come close.*

-An Olney store customer

## Individual Store Contribution to Total Retail Net Sales



\*Fallsgrove store opened mid-year FY2004



## PROVIDING AN EXTENSIVE SELECTION AT FAIR PRICES IN SAFE, ATTRACTIVE SURROUNDINGS

The retail division is responsible for operating the 25 County-owned retail stores located throughout the County and strives to ensure that the retail shopping experience is a positive one. From a continual stream of new, quality products to the availability of old favorites, customers in Montgomery County find selection that is hard to beat. Add to that fair prices, a knowledgeable staff, safe and pleasant surroundings, and the customers' shopping trip is a pleasurable and satisfying experience.

**EXTENSIVE SELECTION** begins with products that are tried and true and adds items that new and exciting, receive national advertising support and fill a niche for our diverse community. In fiscal year 2005, the department listed over 2,000 new stock SKU's as well as providing products with limited availability and many higher-end wine and spirits.

**MARKETING** includes print advertising in the Washington Post, the Gazette Newspaper and other publications such as the Bethesda Magazine, where we included a guide to pairing of wine with food, and a page describing the retail stores and listing their locations. Mailers are sent to homes twice a year and month long promotions coincide with store displays where employees have friendly competitions to see whose display is the most attractive.

**PRODUCT KNOWLEDGE TRAINING** is held regularly for staff with professional wine makers and distillers explaining their products in depth. These sessions often coincide with monthly promotions so employees have the immediate opportunity to share their newly acquired knowledge with customers. Augmenting the product training are frequent information packets that are prepared in the main office

and sent to employees to keep their knowledge on new items and trends current. These packets make their way to employees' notebooks for easy referral.

**LOCATION** is important, and retail management has taken a proactive approach to ensuring that store locations are convenient for the public and in strong commercial centers. In 2004, the department opened the Fallsgrove store in the newly build Fallsgrove Center where it serves the populations of Potomac, Darnestown, Gaithersburg, Rockville and sits on the commuter path to up-County locations and beyond. In 2005 the department moved the Cloverly store to a newly built shopping center adjacent to a supermarket.

**UPGRADES AND RENOVATIONS** are important to ensure a pleasant shopping experience in existing stores. In 2005, the department completely renovated both the Pike and the Kensington stores and made noticeable upgrades and visual improvements to other locations. New stores and renovations include brighter colors, more open spaces, wider aisles, better quality of materials and creative signage.

**REGIONAL MANAGEMENT CONCEPT** began this year with Liquor Control creating two regional management positions. Renee Hill, with 15 years experience at the department, was tapped from her management position at the new Fallsgrove store, while Michael Mondonedo came to the department from the private sector with many years of retailing experience. They are concentrating on maximizing marketing by demographic area and providing direction to ensure stores remain safe and attractive, that products are varied and priced fairly, and that employees have the tools they need to guarantee continued and improved customer satisfaction.



# QUALITY CONTROL MEANS CUSTOMER CONVENIENCE

## **Auburn Avenue**

4800 Auburn Avenue  
Bethesda, MD 20814  
Phone: 240-773-2006  
Hours: Mon – Sat 10:00 am to 9:00 pm

## **Burtonsville**

15604 Columbia Pike  
Burtonsville, MD 20866  
Phone: 240-773-2007  
Hours: Mon – Sat 10:00 am to 8:00 m

## **Cabin John**

11301 Seven Locks Road  
Potomac, MD 20854  
Phone: 240-773-2005  
Hours: Mon – Sat 10:00 am to 9:00 pm



## **Chevy Chase**

6831 Wisconsin Avenue  
Bethesda, MD 20815  
Phone: 240-773-2009  
Hours: Mon – Sat 10:00 am to 8:00 pm

## **Cloverly**

723 Cloverly Avenue  
Silver Spring, MD 20905  
Phone: 240-773-2010  
Hours: Mon – Sat 10:00 am to 9:00 pm

## **Diamond Square**

18 Bureau Drive  
Gaithersburg, MD 20877  
Phone: 240-773-2011  
Hours: Mon – Sat 10:00 am to 9:00 pm

## **Fallsgrove**

14937-E Shady Grove Road  
Rockville, MD 20850  
Phone: 240-773-2018  
Hours: Mon – Sat 10:00 am to 9:00 pm

## **Flower Avenue**

8701 Flower Avenue  
Silver Spring, MD 20901  
Phone: 301-565-5842  
Hours: Mon – Sat 10:00 am to 8:30 pm

## **Gaithersburg**

220 North Frederick Avenue  
Gaithersburg, MD 20877  
Phone: 240-773-2012  
Hours: Mon – Sat 10:00 am to 9:00 pm

## **Kensington**

3733 University Boulevard  
Kensington, MD 20895  
Phone: 240-773-2013  
Hours: Mon – Sat 10:00 am to 9:00 pm

## **Kingsview**

18323 Leaman Farm Road F-1  
Germantown, MD 20874  
Phone: 240-773-2014  
Hours: Mon – Sat 10:00 am to 9:00 pm

## **Leisure World**

3824-26 International Drive  
Silver Spring, MD 20906  
Phone: 240-773-2015  
Hours: Mon – Thurs 9:30 am to 8:30 pm  
Fri – Sat 9:30 am to 9:00 pm

## **Milestone**

20946 Frederick Road Unit D1  
Germantown, MD 20876  
Phone: 240-773-2016  
Hours: Mon – Sat 10:00 am to 10:00 pm

## **Montgomery Village**

19233 Watkins Mill Road  
Gaithersburg, MD 20760  
Phone: 240-773-2017  
Hours: Mon – Sat 10:00 am to 9:00 pm



**Montrose Crossing**

12015-B Rockville Pike

Rockville, MD 20852

Phone: 240-773-2003

Hours: Mon – Thurs 10:00 am to 9:00 pm

Fri – Sat 10:00 am to 10:00 pm

**Muddy Branch**

866 Muddy Branch Road

Gaithersburg, MD 20878

Phone: 301-840-2356

Hours: Mon – Sat 10:00 am to 10:00 pm

**Olney**

17825 Georgia Avenue

Olney, MD 20832

Phone: 240-773-2019

Hours: Mon – Sat 10:00 am to 9:00 pm

**Pike**

832-836 Rockville Pike

Rockville, MD 20852

Phone: 301-279-1575

Hours: Mon – Sat 10:00 am to 9:00 pm

**Potomac**

10132 River Road

Potomac, MD 20854

Phone: 240-773-2020

Hours: Mon – Sat 9:00 am to 9:00 pm

**Silver Spring**

8715 Colesville Road

Silver Spring, MD 20910

Phone: 240-773-2021

Hours: Mon – Sat 10:00 am to 9:00 pm

**Twinbrook**

2090 Viers Mill Road

Rockville, MD 20851

Phone: 240-773-2022

Hours: Mon – Sat 10:00 am to 9:00 pm

**Walnut Hill**

16535 South Frederick Road

Gaithersburg, MD 20855

Phone: 240-773-2004

Hours: Mon – Sat 10:00 am to 9:00 pm

**Westwood**

5432 Westbard Avenue

Bethesda, MD 20814

Phone: 240-773-2024

Hours: Mon – Sat 10:00 am to 9:00 pm

**Wheaton**

11407 Georgia Avenue

Silver Spring, MD 20902

Phone: 240-773-2025

Hours: Mon – Sat 10:00 am to 9:00 pm

**White Oak**

11239 New Hampshire Avenue

Silver Spring, MD 20904

Phone: 240-773-2026

Hours: Mon – Sat 10:00 am to 9:00 pm



## QUALITY CONTROLS MAKE GOOD BUSINESS SENSE

Montgomery County Liquor Control proves that responsible sales, service and consumption can successfully coexist with substantial sales and profits. Below is a comparison of Liquor Control's sales in calendar year 2004 with the top Montgomery County

private companies ranked by estimated sales for the same time period. Comparatively Montgomery County Liquor Control would come in at number 16, behind IMB Federal Unit.

Ranking	Company	# Employees	2004 Estimated Sales
1	Lockheed Martin	2,704	\$ 35,000,000,000
2	Marriott International	3,000	9,014,000,000
3	GEICO Insurance	1,500	5,035,044,631
4	Mid-Atlantic Medical Services	800	1,289,400,000
5	B. F. Saul Company	670	1,120,000,000
6	Kaiser Permanente Health Plans	1,622	721,396,800
7	Discovery Communications	470	680,400,000
8	BAE Systems Applied Technologies	1,700	596,595,274
9	Adventist Healthcare	6,951	521,682,475
10	Acterna	500	442,000,000
11	Westat, Inc.	2,170	397,800,000
12	Giant Food	3,847	366,095,680
13	Holy Cross Hospital	2,900	266,071,000
14	Manugistics Corporation	500	243,045,000
15	IBM Federal Unit	3,400	193,139,000
	<b>Liquor Control</b>	<b>292.2</b>	<b>168,172,236</b>
16	Aspen Systems	800	164,300,000
17	Suburban Hospital	1,600	158,000,000
18	General Conference Corporation	750	141,364,392
19	Celera Genomics Corporation	590	120,866,000
20	Global Exchange Services	2,360	101,700,000
21	Montgomery General Hospital	1,283	84,359,581
22	United Communications Group, LP	500	72,000,000
23	Red Coats, Inc.	2,700	61,780,186
24	Otsuka American Pharmaceutical	570	37,600,000
25	Human Genome Sciences, Inc.	825	8,168,000

*\*Work Years – Full-time equivalent*

*Source: Dr. Krishna Akundi, Maryland National Capital Park and Planning*



# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Our Business

### Wholesale Distributor

Montgomery County Department of Liquor Control provides all of the beverage alcohol sold in the County. Licenses are granted to private businesses by the Board of License Commissioners, and these licensees become the wholesale customers of the Department of Liquor Control. Both agencies work closely together to ensure license-holders understand the laws, rules and regulations of selling and serving beverage alcohol and give them the help they need to succeed.

By the end of fiscal year 2005, there were over 900 active licenses in Montgomery County.

### Retailer

In addition to wholesaling beer, wine and spirits to the over 900 licensed establishments, Montgomery owns 25 retail stores that are located throughout the County. These off-premise retail stores specialize in spirits and wines, although beer and ice are also available. With the exception of one private retailer, these stores hold the exclusive right to sell spirits for take-home consumption and share the off-sale rights of beer and wine with the private licensed establishments.

### Management Review of 2005

The Department of Liquor Control aspires to be the best it can be. As part of that mission, Liquor Control strives to attain certain financial goals to improve both short-term and long-term profitability, while positioning the business to be successful in the future.

In 2005, Liquor Control's focus on long-term value creation through controlling costs and capital while reinvesting in our operation, managing our portfolio to maximum advantage and focusing on profitable growth contributed to the following financial achievements:

- Significant improvement in income from continuing operations, rising 9.72%
- Wholesale Operations generating \$101 million, an increase of 4.05% over the previous year
- Retail Operations generating \$76.8 million, an increase of 8.16% over the previous year
- Achieving the highest annual sales in departmental history, with revenue growth of \$177.9 million dollars
- Maintaining a strong balance sheet and continuing cash generation through disciplined spending

During 2005, Liquor Control was faced with several challenges including the continually increasing sophistication in customers' tastes, aging infrastructure, the possibility of relocation, and antiquated technology.

To position ourselves for success in 2006 and beyond, Liquor Control commits to working towards the following financial goals:

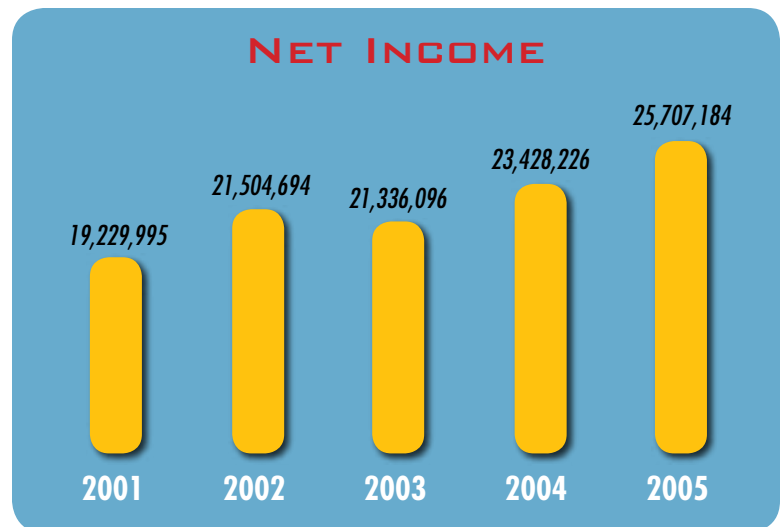
- Continuing to redistribute costs for efficiencies
- Maximizing our economies of scale
- Maintaining our strong balance sheet
- Strengthening our asset base and improving its productivity
- Reviewing the positioning of our product portfolios

### Earnings Summary

**Net Income** - Liquor Control's income in 2005 was \$25,707,184, compared to \$23,428,226 in 2004, an increase of 9.72%.

Net income in 2005 was \$25,707,184 compared with \$21,336,096 in 2003, an increase of 20.48% over a two-year period.

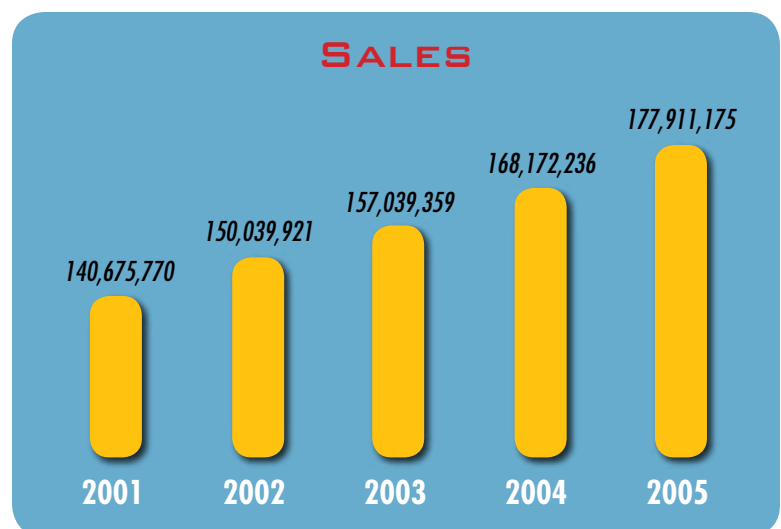
Net income in 2005 was \$25,707,184 compared with \$19,229,995 in 2001, an increase of 33.68% over the last five years.



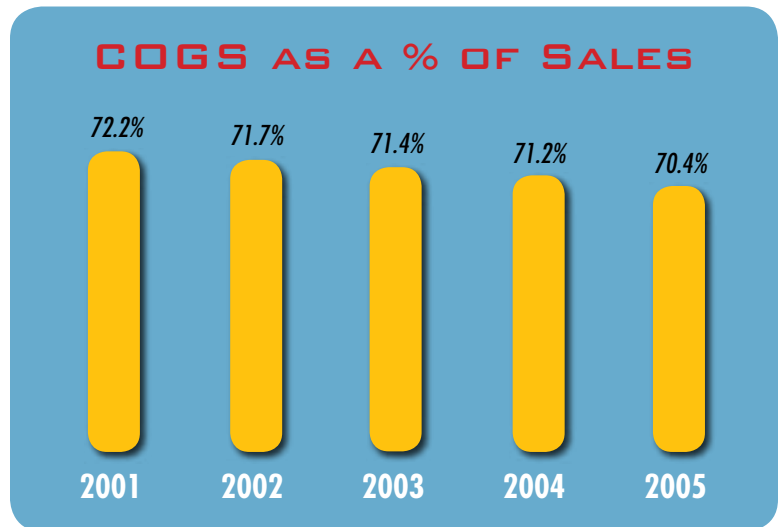
**Sales** - Liquor Control's sales from continuing operations in 2005 were \$177,911,175, compared to \$168,172,236 the previous year. This represents an increase of 5.79%.

Significant increases in the retail segment of the market contributed heartily to this increase. Retail sales increased 8.16% (from \$71,024,249 in FY2004 to \$76,823,377 in FY2005). Contributing to this increase was the first full year of sales at the Falls Grove store, which is located in a prime shopping center in a high-growth area of homes and businesses in north Rockville.

Wholesale sales increased a total of 4.05% (from \$97,147,987 in FY2004 to \$101,087,798 in FY2005). The greater percentage increase was in the liquor and wine sales, which, when combined, increased 6.32% (from \$37,617,516 in FY2004 to \$39,997,803 in FY2005.) Beer increased 2.61% (from \$59,530,471 in FY2004 to \$61,089,995 in FY2005.)



**Cost of Goods Sold** – Cost of goods sold as a percentage of sales was 70.4% in FY2005 compared to 71.2% in FY2004. Cost of goods sold as a percentage of sales was 71.2% in FY2004 compared to 72.2% in FY2001.



**Personnel Costs** – Personnel costs have consistently risen and are nearly 40% higher than they were 5 years ago. This is a combination of additional work-years (273.9 in FY2001 compared to 293.2 in FY2005) and yearly increases in salary and benefits.





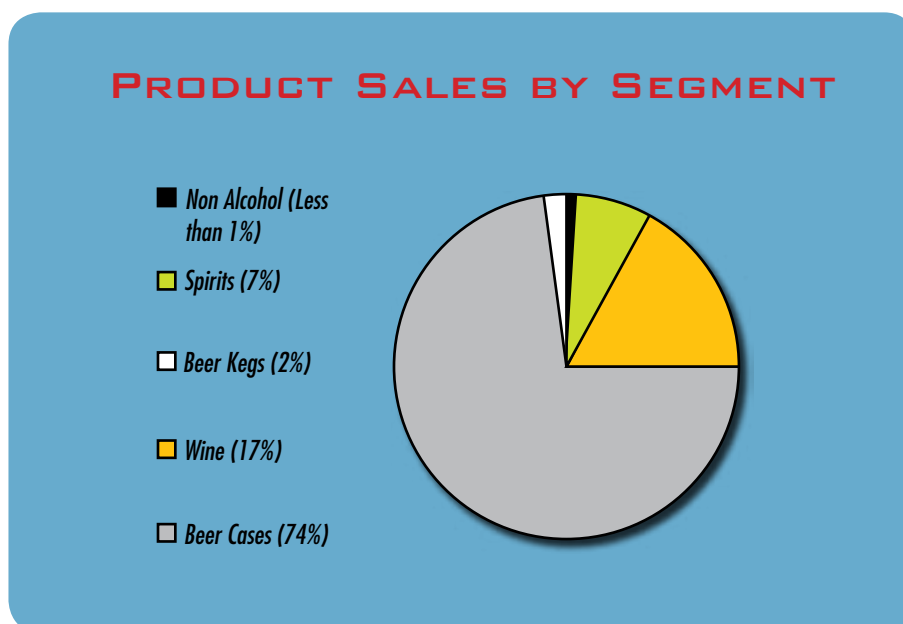
## Product Segment Information

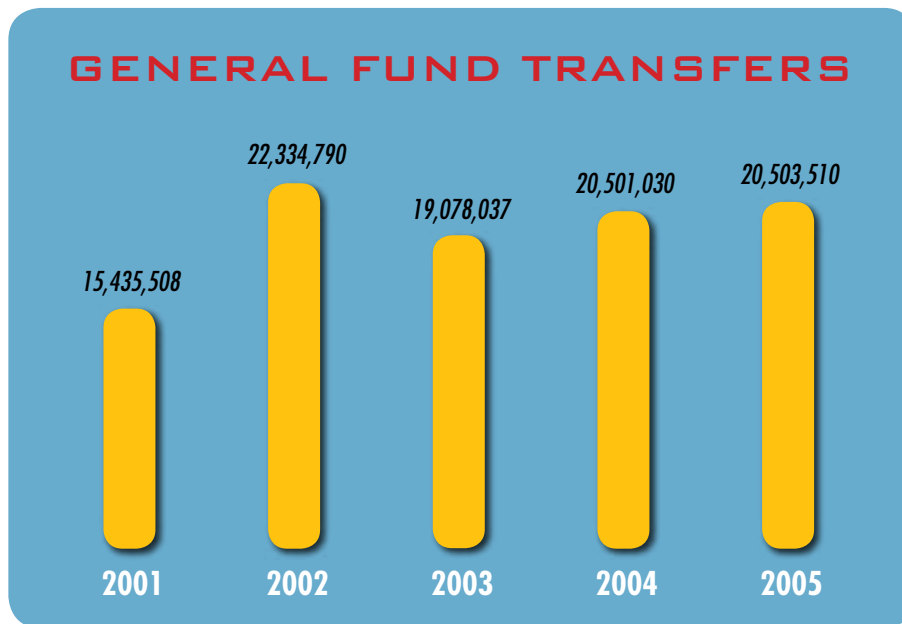
Liquor Control sells beer, wine and liquor both as a wholesaler and a retailer. Of 314,386 cases total of liquor sold in FY2005, 284,004, or 90.3% were sold from County stores. The remaining 9.7% were sold by the warehouse to either on-premise establishments or to the one private retailer allowed by law to sell liquor by the bottle for off-sale consumption. (Note: Montgomery County acquired this one private retailer as a customer from a rezoning which added a portion of a neighboring county.)

Of the 833,456 cases of wine sold, 321,108 cases or 38.5% were sold from County retail stores. The remaining 512,348 cases, or 61.5%, were sold by the warehouse to private on- and off-premise retailers.

Of the 3,592,161 cases of beer sold, 202,975 cases, or 5.7% were sold from County retail stores. The remaining 3,389,186 or 94.3% were sold by the warehouse to private on- and off-premise retailers. All 72,521 kegs of beer were sold by the warehouse to private on- and off-premise retailers. Liquor Control also sells wholesale non-alcohol beverages as a convenience to wholesale customers. In FY2005, 21,983 cases were sold to private on- and off-premise retailers.

In total (Wholesale and Retail) as shown on the chart below, beer case sales make up 74% of total depeltions; Wine 17%; Spirits 7%; and non-alcohol products less than 1%.





#### General Fund Transfers

After paying all expenses and retaining a sufficient amount of operating capital, Liquor Control transfers profits to the General Fund of Montgomery County, MD to assist in paying for important citizen services.

In FY2005, Liquor Control transferred over \$20 million dollars (\$20,503,510) to the General Fund. This was an increase of \$2,480 over the FY2004 transfer amount. The department retained some money in FY2005 to refurbish stores and offices and to upgrade and replace IT systems.

Transfer in the last five and one-half years amounted to over one-million dollars (\$100,000,000).

*Although Liquor Control does not designate how the funds that are transferred to the General Fund are used, the amount of \$20.5 million transferred in FY2005 would cover the costs:*

- *a new library, or*
- *two new police stations, or*
- *the salaries of over 400 new public school teachers or County police officers.*



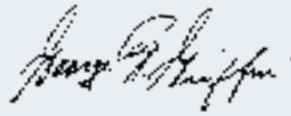


## MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS AND PRACTICES


The following financial statements of Montgomery County, MD, Department of Liquor Control were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and, when segmented, are based on management's best judgment and estimates. Other financial information included in this annual report is consistent with that in the financial statements.

Management is responsible for establishing and maintaining adequate internal control over its financial reporting. Liquor Control's system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

Management also recognizes its responsibility for conducting Liquor Control's affairs according to the highest standards of personal and professional conduct. This responsibility is characterized and reflected in key policy statements issued from time to time regarding, among other things, conduct of its business activities within the laws of the United States and Maryland, within the policies set by Montgomery County, Maryland, and in the highest ethical manner. Liquor Control maintains a systematic program to assess compliance with these policies.



George F. Griffin  
Director



*Note:* For detailed information concerning Montgomery County's financial statements, please see the Montgomery County Comprehensive Annual Financial Report (CAFR) on the Montgomery County, MD website at:

<http://www.montgomerycountymd.gov/mcgtmpl.asp?url=/content/finance/financial.ASP>

## RETAIL VS. WHOLESALE SALES 2000 - 2005

(Dollars in Millions)

	2000	2001	2002	2003	2004	2005
<b>Wholesale</b>	81.5	85.2	89.8	91.5	97.1	101.1
<b>Retail</b>	50.3	55.4	60.2	65.5	71.0	76.8
<b>TOTAL</b>	<b>131.8</b>	<b>140.6</b>	<b>150.0</b>	<b>157.0</b>	<b>168.1</b>	<b>177.9</b>

## ANNUAL CASES SHIPPED FROM WAREHOUSE

(Numbers in Thousands)

	2000	2001	2002	2003	2004	2005
<b>To County Stores</b>	609	645	686	734	772	808
<b>To Licensed Establishments</b>	3,802	3,846	3,945	3,890	4,026	4,027
<b>TOTAL</b>	<b>4,411</b>	<b>4,491</b>	<b>4,631</b>	<b>4,624</b>	<b>4,798</b>	<b>4,835</b>

# COMPARATIVE NET SALES ANALYSIS

## NET SALES BY COST CENTER AS OF JUNE 30, 2005 AND 2004

	2005	2004	Increase(Decrease)	Percentage Change
<b>RETAIL STORES</b>				
Auburn Avenue	\$2,914,646	\$2,661,863	\$252,783	9.50%
Burtonsville	2,106,778	1,927,104	179,674	9.32%
Cabin John	3,072,129	2,945,669	126,460	4.29%
Chevy Chase	2,161,956	2,091,239	70,717	3.38%
Cloverly	1,677,512	1,555,695	121,817	7.83%
Diamond Square	1,500,614	1,388,398	112,216	8.08%
Fallsgrove*	2,367,121	433,261	1,933,860	446.35%
Flower Avenue	1,631,245	1,439,526	191,719	13.32%
Gaithersburg	1,562,103	1,536,667	25,436	1.66%
Kensington	3,818,478	3,635,320	183,158	5.04%
Kingsview	3,294,513	3,195,097	99,416	3.11%
Leisure World	3,062,187	3,102,643	(40,456)	-1.30%
Milestone	4,878,695	4,695,088	183,607	3.91%
Montgomery Village	2,793,735	2,651,840	141,895	5.35%
Montrose	4,812,582	4,356,711	455,871	10.46%
Muddy Branch	4,675,883	4,938,470	(262,587)	-5.32%
Olney	4,117,993	3,709,864	408,129	11.00%
Pike	3,385,976	3,438,264	(52,288)	-1.52%
Potomac	4,801,870	4,654,604	147,266	3.16%
Silver Spring	2,670,533	2,279,528	391,005	17.15%
Twinbrook	1,897,851	1,715,952	181,899	10.60%
Walnut Hill	2,998,574	2,879,630	118,944	4.13%
Westwood	5,084,226	4,707,947	376,279	7.99%
Wheaton	2,765,980	2,519,558	246,422	9.78%
White Oak	2,770,197	2,564,311	205,886	8.03%
<b>Retail Store Total</b>	<b>76,823,377</b>	<b>71,024,249</b>	<b>5,799,128</b>	<b>8.16%</b>
Beer Warehouse	61,089,995	59,530,471	1,559,524	2.62%
Liquor/Wine Warehouse	39,997,803	37,617,516	2,380,287	6.33%
<b>Warehouse Total</b>	<b>101,087,798</b>	<b>97,147,987</b>	<b>3,939,811</b>	<b>4.06%</b>
<b>TOTAL</b>	<b>177,911,175</b>	<b>168,172,236</b>	<b>9,738,939</b>	<b>5.79%</b>
Same store data*	\$74,456,256	\$70,590,988	3,865,268	5.48%

\*Fallsgrove was opened mid-year in FY 2004 (March 11, 2004); Excluded from same store data.



## 1 1-YEAR SUMMARY OF FINANCIAL AND OTHER DATA

		2005	2004	2003	2002
OPERATING RESULTS	Sales, net	177,911,175	168,172,236	157,039,359	150,085,202
	Cost of goods sold	125,226,878	119,806,903	112,091,755	107,618,768
	Personnel costs	17,492,428	16,124,278	15,198,483	14,163,024
	Contractual services	1,744,681	1,544,107	1,534,700	640,909
	Store rentals	3,590,841	3,495,165	3,177,498	3,087,720
	Maintenance	474,549	556,580	670,207	532,637
	Depreciation and amortization	737,777	657,516	719,893	700,327
	Other expenses	3,003,108	2,637,970	2,330,570	1,863,790
	Net Income from operations	25,656,153	23,365,167	21,331,368	21,478,027
	Non-operating revenues	51,031	63,059	4,728	26,667
	General Fund Transfer	20,503,510	20,501,030	19,078,037	22,334,790
FINANCIAL POSITION	Cash	9,194,751	5,359,247	4,773,854	5,449,690
	Inventories	29,827,378	27,766,796	28,283,744	25,122,213
	Other current assets	3,152,000	2,711,189	2,865,063	2,294,347
	Property, plant and equipment, net of depreciation	8,707,509	6,691,779	6,854,575	7,104,675
	Accounts payable	12,453,794	9,930,465	13,307,288	13,110,688
	Other current liabilities	3,535,637	2,910,013	2,708,611	2,356,959
	Changes in net assets	5,203,674	2,927,196	2,258,059	(830,096)
KEY RATIOS	Current ratio	2.64	2.79	2.70	2.12
	Quick ratio	0.77	0.63	0.48	0.50
	Inventory turnover (COGS/Ending Inventory)	4.20	4.31	3.96	4.28
	Gross profit margin	0.30	0.29	0.29	0.28
	Return on assets	0.51	0.55	0.50	0.54
OPERATING DATA	Liquor case depletions - retailers	30,382	31,158	30,260	28,518
	Liquor case depletions - County stores	284,004	269,488	251,499	235,105
	Wine case depletions - retailers	512,348	494,327	474,935	451,722
	Wine case depletions - County stores	321,108	302,145	286,041	263,038
	Beer case depletions - retailers	3,389,186	3,404,997	3,287,212	3,365,440
	Beer case depletions - County stores	202,975	200,016	196,750	188,113
	Beer keg depletions - retailers	72,521	73,588	74,342	72,865
	Non-alcohol case depletions - retailers	21,983	22,304	23,867	26,509
	Non-alcohol case depletions - County stores	36	31	28	116
OTHER STATISTICS	Number of retail stores at the end of fiscal year	25	25	24	24
	Number of budgeted employee workyears	293.2	292.2	274.1	274.1

<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>
140,675,770	131,788,958	120,863,585	114,783,438	111,143,313	105,432,119	100,353,290
101,533,777	94,270,382	86,476,346	82,975,466	80,109,017	76,194,432	73,169,775
12,593,209	12,249,918	11,531,722	11,312,619	10,845,274	10,346,702	10,189,674
1,322,784	1,321,777	1,000,925	1,068,128	1,359,769	1,368,851	1,235,343
2,948,229	2,747,285	2,595,261	2,426,966	2,252,326	2,114,805	2,102,595
428,262	858,207	676,946	421,008	455,842	487,604	404,847
678,181	614,856	535,494	478,994	492,803	580,755	547,322
1,973,211	1,985,173	2,371,693	1,874,966	1,894,518	1,746,095	1,627,388
19,198,117	17,741,360	15,675,198	14,255,291	13,733,764	12,592,875	11,076,366
31,878	60,490	23,580	12,913	49,308	7,135	70,158
15,435,508	14,590,410	14,328,000	13,950,228	12,008,946	12,136,810	10,867,000
3,096,433	353,923	2,521,135	628,219	2,870,808	1,600,492	1,762,703
23,950,023	23,891,846	20,481,531	19,167,335	16,960,760	15,472,192	14,895,820
1,800,233	3,029,268	1,883,737	1,616,760	1,741,193	1,423,317	1,184,441
7,657,702	6,843,062	6,162,329	5,005,417	5,042,664	5,532,321	6,050,842
9,269,535	10,578,097	10,475,495	7,259,487	7,876,511	7,109,859	6,899,496
1,901,482	2,001,115	2,245,790	2,201,558	2,069,548	1,985,606	2,418,751
3,794,487	3,211,440					
2.58	2.17	2.38	2.26	2.17	2.60	1.91
0.44	0.27	0.35	0.24	0.46	0.33	0.32
4.24	3.95	4.22	4.33	4.72	4.92	4.91
0.28	0.28	0.28	0.28	0.28	0.28	0.27
0.53	0.52	0.51	0.54	0.52	0.52	0.47
27,487	25,589	23,594	23,502	23,326	22,171	24,211
228,673	218,855	208,672	202,214	196,235	194,916	196,06
441,438	436,941	407,775	401,849	397,585	383,473	365,198
246,776	235,374	227,248	215,488	204,934	198,466	188,726
3,276,831	3,234,610	3,147,849	3,096,358	3,116,710	3,128,016	3,155,604
169,215	154,217	153,832	145,211	147,275	158,824	149,624
71,549	74,534	74,340	78,518	80,958	76,313	76,115
28,229	31,055	31,628	33,350	33,921	35,875	38,096
66	94	2,954	6,463	16,362	16,032	14,634
24	24	23	22	21	21	21
273.9	268.7					

# CASH TRANSFERS TO THE GENERAL FUND

## FY1983 THROUGH FY2005

Fiscal Year	Cash Transfer	+/- Over Prior Year
2005	\$20,503,510	0.01%
2004	20,501,030	7.49%
2003	19,078,037	-14.58%
2002	22,334,790	44.70%
2001	15,435,508	5.79%
2000	14,590,410	1.83%
1999	14,328,000	2.71%
1998	13,950,228	16.17%
1997	12,008,946	-1.05%
1996	12,136,810	11.69%
1995	10,867,000	5.50%
1994	10,300,000	-7.21%
1993	11,100,000	.91%
1992	11,000,000	0.00%
1991	11,000,000	4.76%
1990	10,500,000	-6.25%
1989	11,200,000	1.82%
1988	11,000,000	-8.33%
1987	12,000,000	20.00%
1986	10,000,000	17.65%
1985	8,500,000	-15.00%
1984	10,000,000	0.00%
1983	10,000,000	

**Of Note:** In FY2001, Liquor Control went to a set formula to ensure the retention of sufficient working capital for the following fiscal year before transferring to the General Fund.

In FY2005, Liquor Control withheld additional capital beyond the set formula established in FY2001 for upgrade and replacement of IT systems.



# SALES ANALYSIS

FY85 - FY05

Year	Total Sales	% Change	Retail Sales	% Change	Warehouse Sales	% Change	Warehouse Beer Sales	% Change	Warehouse Liquor/ Wine Sales	% Change
2005	177,911,175	5.79%	76,823,377	8.16%	101,087,798	4.05%	61,089,995	2.61%	39,997,803	6.32%
2004	168,172,236	7.09%	71,024,249	8.41%	97,147,987	6.14%	59,530,471	5.61%	37,617,516	6.99%
2003	157,039,359	4.63%	65,512,134	8.75%	91,527,225	1.87%	56,366,974	-0.21%	35,160,251	5.40%
2002	150,085,202	6.76%	60,242,390	8.74%	89,842,812	5.47%	56,484,764	6.18%	33,358,048	4.28%
2001	140,587,302	6.68%	55,400,821	10.12%	85,186,481	4.55%	53,197,445	5.02%	31,989,036	3.79%
2000	131,788,958	9.04%	50,311,184	8.85%	81,477,774	9.15%	50,656,949	6.36%	30,820,825	14.09%
1999	120,863,585	5.30%	46,219,153	6.46%	74,644,432	4.59%	47,629,393	4.62%	27,015,039	4.54%
1998	114,783,438	3.28%	43,416,172	5.51%	71,367,266	1.96%	45,524,534	-0.09%	25,842,732	5.78%
1997	111,143,313	5.42%	41,147,439	4.22%	69,995,874	6.13%	45,566,118	4.16%	24,429,756	10.03%
1996	105,432,119	5.06%	39,480,197	6.36%	65,951,922	4.30%	43,748,159	2.28%	22,203,763	8.52%
1995	100,353,290	1.63%	37,119,670	0.96%	63,233,530	2.03%	42,772,682	1.99%	20,460,938	2.09%
1994	98,743,367	1.26%	36,766,015	1.43%	61,977,352	1.15%	41,936,205	1.65%	20,041,147	0.12%
1993	97,518,034	-2.99%	36,247,940	-0.95%	61,270,094	-4.15%	41,253,644	-7.63%	20,016,450	3.90%
1992	100,521,089	-0.91%	36,596,101	-2.97%	63,924,988	0.30%	44,660,246	-0.32%	19,264,742	1.77%
1991	101,449,210	4.00%	37,714,982	6.42%	63,734,228	2.61%	44,804,589	3.48%	18,929,639	0.61%
1990	97,551,486	1.20%	35,438,411	1.72%	62,113,075	0.91%	43,297,507	1.30%	18,815,568	0.01%
1989	96,392,897	2.63%	34,837,529	5.64%	61,555,368	0.99%	42,741,862	1.25%	18,813,506	0.40%
1988	93,927,063	4.97%	32,976,261	6.74%	60,950,802	4.03%	42,212,646	5.67%	18,738,156	0.53%
1987	89,481,734	5.97%	30,894,791	1.70%	58,586,943	-9.95%	39,947,939	7.52%	18,639,004	10.23%
1986	84,440,172	4.85%	30,377,552	3.87%	65,062,620	26.86%	37,153,357	3.47%	16,909,263	9.95%
1985	80,534,365	-----	29,245,964	-----	51,288,401	-----	35,909,022	-----	15,379,379	-----



*"The major challenge facing control jurisdictions is the need to continue becoming more efficient, modern and responsive customer service-oriented business operations in both wholesale and retail sectors."*

*We have an obligation to provide quality service to our customers and our residents. If our customers and business partners are pleased with the level of service we provide and the quality of the enterprises we manage, then the future of the control system is secure."*

George F. Griffin, Director